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August 27, 1984

Ms. Pamela Grubaugh-Littig
Reclamation Engineer
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, Utah 84114

Re: Reclamation Surety
Uranium Project
ACT/017/001
ACT/017/016
ACT/017/017
Garfield County, Utah

Dear Ms. Grubaugh-Littig:

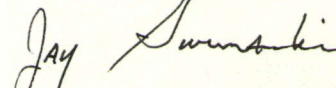
We represent Plateau Resources Limited and have been provided with a copy of your letter to Mr. Fred Gerdeman of Plateau dated June 26, 1984. We have also reviewed the Mined Lands Reclamation Contract between the Board of Oil, Gas and Mining and Plateau dated July 27, 1979. As you are aware, that contract calls for a review of the surety on the Shootaring Canyon Processing Facility every five years concurrently with the renewal of Plateau's Source Material License with the U.S. Nuclear Regulatory Commission. Plateau is now in the process of renewing its license. Federal laws and regulations require that Plateau post a surety acceptable to the NRC to ensure that reclamation and decommissioning are conducted in accordance with a NRC-approved plan upon completion of mill operations. At the present time, Plateau has provided the NRC with a letter of credit in the amount of \$1,759,000 from National Bank of Detroit, a copy of which is enclosed. The amount of this letter of credit is much greater than the reclamation amount for the State's purposes because the NRC plan must address long-term maintenance and stabilization of mill tailings as well as decommissioning of facilities and equipment.

Ms. Pamela Grubaugh-Littig
August 27, 1984
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I have prepared a draft of a Mined Lands Reclamation Contract to replace the contract of July 27, 1979. This draft contemplates that the existing arrangement will continue, that is that Plateau will give a corporate guarantee to reclaim and will provide evidence of its financial capacity to do this by providing the State with copies of the surety arrangements provided to the NRC. I believe this is consistent with the original understanding approved by the Board in 1979. I have used a surety amount of \$1,476,000, which is the \$1,759,000 used by the NRC less the components that are required by the NRC but not by Utah.

Please let me have your comments.

Very truly yours,


Jay D. Gurmankin

JDG/GPW/sbp

Enc. A/S

cc: B. O. Fisher
J. L. Bacon

(2339s)